

**DATE:** September 26, 2023

**TO:** Honorable Mayor and City Council

**FROM:** John Lang, Economic Vitality Manager  
Aarti Shrivastava, Assistant City Manager/  
Community Development Director

**VIA:** Kimbra McCarthy, City Manager

**TITLE:** **Draft Economic Vitality Strategy**

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# STUDY SESSION MEMO

## **PURPOSE**

The purpose of this Study Session is for the City Council to provide direction to staff on the Economic Vitality Strategy, including goals and strategies to further support the small business community.

## **BACKGROUND**

The City Council has adopted seven Strategic Priorities and a work plan that charts a thoughtful and achievable path forward to accomplish the community's highest priorities. One of the strategic priorities identified is Economic Vitality.

Mountain View's last full Economic Development (Vitality) Strategy was completed in 2003. A review and brief update was completed in 2008. Significant changes have occurred since the adoption of that first Economic Development Strategy. According to the most recent U.S. Census Bureau information on Mountain View, the amount of new housing has grown by approximately 7.5%, the population has grown 13%, and the number of jobs has grown 59%. Over the course of the pandemic, local small businesses, office work environments, and other business sectors have undergone structural changes as they seek recovery.

On October 12, 2021, the City Council provided feedback to staff on an outline for a scope of work for a Request for Proposals (RFP) for consultant services to aid in the development of an Economic Vitality Strategy (EVS) for the City of Mountain View. The Economic Vitality team contacted 21 economic consultants to solicit proposals for a Request for Proposals (RFP) issued in January 2022. Out of the five proposals received, a total of three firms were interviewed, and Community Attributes, Inc. (CAI) was selected as the top choice by an evaluation committee consisting of staff from Economic Vitality, the City Manager's Office, and an outside consultant.

## **OUTREACH**

CAI began work on the project by first conducting interviews with a range of Mountain View stakeholders. The initial approach in interviews was conversational with a focus on asking between five and nine open-ended questions depending on the focus group, thus providing the broadest range of feedback. CAI worked with City staff on identifying a range of stakeholders to interview. CAI conducted a total of 19 interviews with the following stakeholder and focus groups:

- Advisory Group meeting (City staff, Mountain View Chamber of Commerce, and NOVAworks);
- Interviews of Councilmembers and City Manager;
- Orientation interviews with key stakeholders; and
- Focus groups (Developers and Business Owners, Food and Retail, Health and Biotech, Office and Tech, Real Estate Professionals and Brokers, Small/Micro Businesses and Entrepreneurs, Travel and Hospitality).

The initial outreach and engagement with stakeholders and focus groups led to the identification of the five following strategic themes:

- Housing, mobility, and quality of life concern all businesses. Citywide quality-of-life issues, particularly housing affordability and mobility, rank high for all businesses, including large technology employers as well as retail and small businesses. City resources devoted to housing and mobility (parking, transit, bike lanes, traffic circulation) will serve all interests economywide.
- Independent retailers and small businesses need help, especially downtown Mountain View. Small businesses, including office tenants, retail, and restaurants want downtown to thrive, but the costs of moving into downtown—in particular, paying for parking (either through policy fees or redevelopment)—are prohibitive.
- Mountain View needs to reconsider and redefine the City’s identity and its competitive advantage. As a part of a dynamic region, interviewees no longer know what sets Mountain View apart from its neighbors. Keeping up with adjacent cities in aesthetics and comparable offerings does not distinguish Mountain View within Silicon Valley.
- Investment in Mountain View requires redevelopment, which is burdened by a lengthy permitting and entitlement process. Lengthy processes kill deal flow and redirect investors

to opportunities in other cities. Policy reform for more efficient land use and development processes will encourage private investment in business districts and neighborhoods.

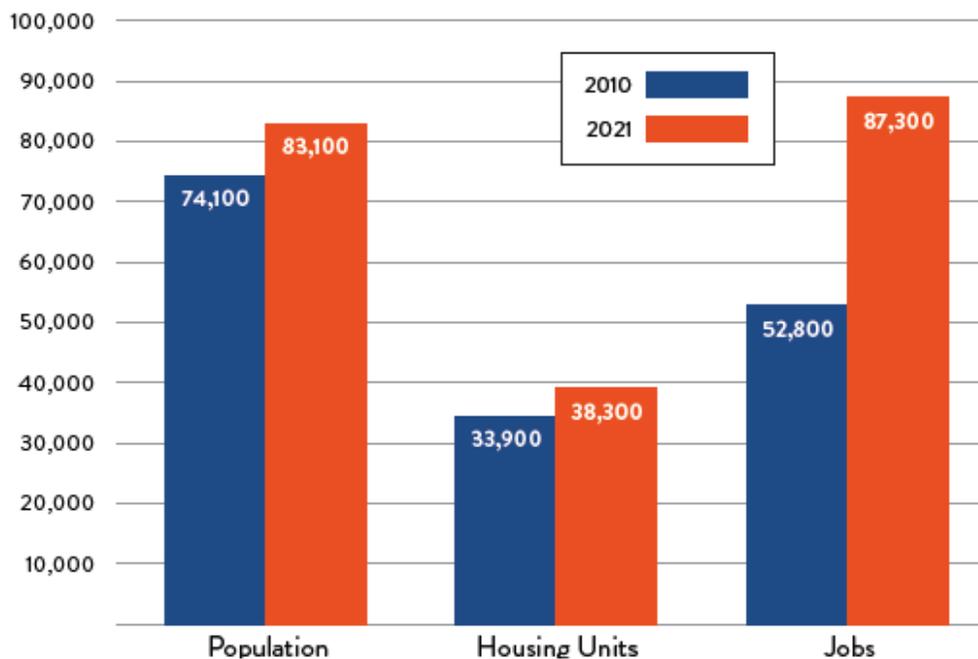
- Community development and efficiencies should be central to the City’s economic strategy and planning. Housing, services, infrastructure, and activating downtown and neighborhood spaces are universal concerns among interviewees. A complete list of key input themes is provided starting on Page 14 of the draft Economic Vitality Strategy (Attachment 1 to this Study Session memorandum).

### **LANDSCAPE ASSESSMENT**

Working concurrently during the interview phase, CAI began a data analysis of Mountain View’s relevant economic indicators associated with “Vibrancy” and “Vitality.” The data analysis, called the “Landscape Assessment,” was informed by the strategic themes identified by stakeholders during the interview process (see Attachment 2).

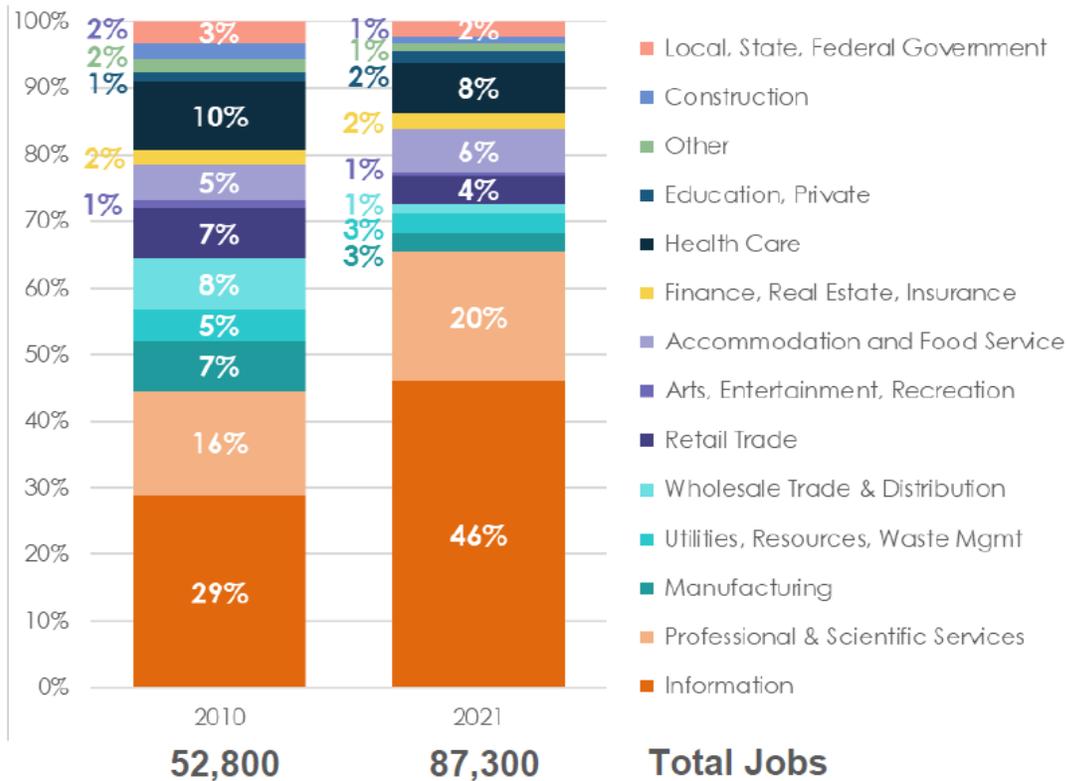
High-level summary findings from the Landscape Assessment include:

- From 2010 to 2021, Mountain View added eight times more jobs than housing units, contributing significantly to regional housing challenges.



**Figure 1: Mountain View Housing—Population and Jobs Growth 2010, 2021**

- Unlike other Silicon Valley cities, Mountain View has been increasing its share of regional population growth, bucking trends and perceptions of broader out-migration.
- Technology and professional services companies anchor Mountain View’s economy.



**Figure 2: Mountain View Industry Share 2010, 2021**

- Tech layoffs and low return-to-office trends after the pandemic will have an impact on the region’s work force (migration and housing need) and demand for office space.
- Comparative advantages to leverage for growth in AI, autonomous vehicles, sensors and tracking, medical devices, life sciences, biotech, health care, climate and green industries, and R&D.
- Retail sales in Mountain View generally match regional trends, but the daytime population presents unrealized upside opportunity. Some niches are underserved, but there is no gross “leakage” Citywide. As shown in Table 1, if Mountain View retailers were able to capture per capita retail spending from residents and a majority of workers equal to the Trade Area per capita spending level, then the City would capture an additional \$160 million in retail spending.

**Table 1: Supportable Retail Growth, Mountain View, 2021**

Supportable Retail Growth	2021	
	Resident Population	Daytime Population
<b>Retail Spending and Surplus/Leakage</b>		
<b>Per Capita Retail Spending</b>		
Mountain View	\$10,700	\$7,500
Regional Trade Area	\$10,000	\$9,100
<i>Per Capita Surplus/Leakage</i>	\$700	<i>(\$1,600)</i>
<b>Total Leakage</b>		
Per Capita Surplus/Leakage	\$700	<i>(\$1,600)</i>
Mountain View Population	83,100	99,800
<i>Total Estimated Retail Surplus/Leakage</i>	<i>\$58,170,000</i>	<i>(\$159,680,000)</i>
<b>Supportable Retail</b>		
Supportable Retail Square Feet	<i>(138,500)</i>	380,200
Less Vacant Retail Square Feet	148,200	148,200
<b>Estimated Supportable Retail Square Feet</b>	<b><i>(286,700)</i></b>	<b>232,000</b>

**DISCUSSION**

Based on input from stakeholders, relevant data indicators, and Best Practices from other communities, CAI crafted a vision statement using an approach centered on equity as well as objectives and actionable steps. To refine and enhance these objectives and strategies, three public community meetings were conducted in March and June 2023. Additionally, meetings were held with key stakeholders, including the Downtown Committee, Mountain View Chamber of Commerce, and Mountain View Coalition for Sustainability Planning.

The current draft Economic Vitality Strategy (Attachment 1) reflects the synthesis of the Landscape Assessment and feedback received and includes a framework that will guide the work of the City and the Economic Vitality team over the next 10 years.

**The following discussion outlines key sections of the draft Strategy for which staff is seeking Council feedback prior to developing the final Economic Vitality Strategy.**

**Draft Vision**

Mountain View is a vibrant community and home to world-changing and locally rooted companies in the heart of Silicon Valley. Residents and visitors flourish in our neighborhoods, where they enjoy convenient shopping and dining at businesses by and for diverse communities. Our business and industrial centers attract skilled and talented workers from across the region who join iconic brands and start new ventures. The regional workforce and families choose to

live in Mountain View for its sustainable and walkable neighborhoods with easy access to amenities, goods, and services, with downtown Mountain View as the centerpiece among them. Quality of life is foundational to Mountain View residents, even as our economy works in global markets to make the world a better place.

### Equity Statement

Mountain View’s Economic Vitality vision includes a commitment to address causes of social and economic inequity for residents and workers in Mountain View. Opportunity and advancement for all requires broad civic and community participation, livable neighborhoods without barriers to economic opportunity, and a robust economy that ensures wealth creation opportunities for all residents and workers.

Social and economic equity is embodied in specific actions outlined in this Strategy. Actions focused on equity are noted throughout the draft Strategy with the following icon— .

### Working Draft Goals



**Goal 1. ESTABLISH DOWNTOWN MOUNTAIN VIEW AS A VIBRANT CENTER OF COMMERCE AND COMMUNITY GATHERING.**



**Goal 2. GROW MOUNTAIN VIEW’S PROVEN, ADVANCED INDUSTRIES THROUGH SUPPORT FOR ESTABLISHED EMPLOYERS, BUSINESS ATTRACTION, INNOVATION, AND ENTREPRENEURSHIP.**



**Goal 3. HELP SMALL, LOCAL, AND INDEPENDENTLY OWNED BUSINESSES FLOURISH IN MOUNTAIN VIEW.**



**Goal 4. MODERNIZE MOUNTAIN VIEW’S DEVELOPMENT POLICIES TO PROVIDE CLARITY AND CERTAINTY FOR NEW USES THAT ALIGN WITH THE EVS VISION AND GOALS.**

***Question 1—Does Council agree with the Vision and Equity approach associated with the Economic Vitality Strategy or have other feedback?***

### Goals, Strategies, and Actions for Mountain View

Table 2 below highlights four goals arising out of the stakeholder engagement along with associated strategies that align with the advancement of each goal. Sample actions are listed for each strategy. Each strategy has multiple actions, and to see the full list of actions, please review Attachment 1, Draft Economic Vitality Strategy.

**Table 2: Goals, Strategies, and Sample Actions**

<b>Goal 1. ESTABLISH DOWNTOWN MOUNTAIN VIEW AS A VIBRANT CENTER OF COMMERCE AND COMMUNITY GATHERING</b>		
<b>Strategy No.</b>	<b>Strategy</b>	<b>Actions (examples)</b>
<b>Strategy 1.1</b>	Differentiate downtown’s character, mixed uses, and visual appeal to shoppers, visitors, and quality retailers.	<ul style="list-style-type: none"> <li>• Prioritize public-realm improvements in downtown Mountain View, including street furniture, lighting, landscaping, tree canopy, and signage and consider an Enhanced Infrastructure Financing District, or EIFD, to finance them.</li> <li>• Consider adding a live entertainment ordinance that supports busking and other outdoor live entertainment, complying with some established decibel levels.</li> </ul>
<b>Strategy 1.2</b>	Accelerate transition of downtown toward increased walkability and convenient, multi-modal access to daily goods and services.	<ul style="list-style-type: none"> <li>• Reassess and evaluate City insurance requirements for basic contracting, arts installations, and patio areas to support and encourage small business utilization.</li> <li>• Support businesses that provide sustainable and walkable goods and services (such as providing neighborhood-serving uses that promote pedestrian activity and are close to residential uses).</li> </ul>
<b>Strategy 1.3</b>	Confront vacancy in downtown and encourage flexible, measured, and diverse growth.	<ul style="list-style-type: none"> <li>• Explore the viability of a vacant property ordinance or vacancy registry, tax, or other means to aggressively pursue absentee landlords with long-term vacancies in ground-floor, street-facing properties in downtown.</li> <li>• Match vacant storefronts downtown with growing local home-based or shared-space businesses to transition them to brick-and-mortar workplaces.</li> </ul>

**Goal 1. ESTABLISH DOWNTOWN MOUNTAIN VIEW AS A VIBRANT CENTER OF COMMERCE AND COMMUNITY GATHERING**

Strategy No.	Strategy	Actions (examples)
<b>Strategy 1.4</b>	Support division or modification of existing retail spaces to maximize adaptability to market shifts.	<ul style="list-style-type: none"> <li>• Develop a business tool kit to include resources for businesses to permit and finance improvements, modifications, and subdivisions.</li> <li>• Contract with a consultant to identify and target specific retail segments and their space needs.</li> </ul>

**Goal 2. GROW MOUNTAIN VIEW'S PROVEN, ADVANCED INDUSTRIES THROUGH SUPPORT FOR ESTABLISHED EMPLOYERS, BUSINESS ATTRACTION, INNOVATION, AND ENTREPRENEURSHIP**

Strategy No.	Strategy	Actions (examples)
<b>Strategy 2.1</b>	Provide targeted, highly effective business retention and expansion assistance.	<ul style="list-style-type: none"> <li>• Expand collaboration opportunities with the Mountain View Chamber of Commerce and Downtown Business Association, such as partnering with the Chamber to collaborate on retention visits and business engagement.</li> <li>• Clarify the City's procurement processes and market contracting and purchasing opportunities with the City to local businesses.</li> </ul>
<b>Strategy 2.2</b>	Support employers' needs for a diverse workforce and make Mountain View and its business community champions for equity and shared prosperity.	<ul style="list-style-type: none"> <li>• Collaborate with leading workforce and business agencies, specifically NOVAworks, SBDC, and SCORE, and educational institutions, like Foothill College and DeAnza College, to link both businesses and workers in target sectors to programmatic support, including local training opportunities and career pathway assistance.</li> </ul>

**Goal 2. GROW MOUNTAIN VIEW'S PROVEN, ADVANCED INDUSTRIES THROUGH SUPPORT FOR ESTABLISHED EMPLOYERS, BUSINESS ATTRACTION, INNOVATION, AND ENTREPRENEURSHIP**

Strategy No.	Strategy	Actions (examples)
<b>Strategy 2.3</b>	Identify and cultivate new niches within advanced industries and grow and diversify other established sectors.	<ul style="list-style-type: none"> <li>• Tailor economic development policies and programs to the diverse cultural identities of Mountain View’s small business base, and translate materials and outreach into a variety of languages.</li> <li>• Perform periodic quantitative analyses of Mountain View employment across clusters to identify and target support for emerging and growing industries.</li> <li>• Establish business attraction targets for Artificial Intelligence (AI), autonomous vehicles, sensors and tracking, medical devices, life sciences, biotech, health care, climate/green industries, and R&amp;D.</li> </ul>
<b>Strategy 2.4</b>	Market Mountain View to businesses in specific target sectors and niches.	<ul style="list-style-type: none"> <li>• Promote the local creative economy to attract more creatives to the City.</li> <li>• Act as a liaison between entrepreneurs and companies in appropriate health-related fields, including the Fogarty Institute.</li> </ul>

**Goal 3. HELP SMALL, LOCAL, AND INDEPENDENTLY OWNED BUSINESSES FLOURISH IN MOUNTAIN VIEW**

Strategy No.	Strategy	Actions (examples)
<b>Strategy 3.1</b>	Develop and communicate policies and programs designed to assist small and mid-sized businesses.	<ul style="list-style-type: none"> <li>• Enhance education and outreach to existing micro, small, mid-sized, and ethnic businesses on the array of small business support resources, including business planning, market research, financing, incentives, workforce, and other assistance.</li> <li>• Develop and track performance metrics around small business permitting process efficiency, time, cost, and outcomes.</li> </ul>
<b>Strategy 3.2</b>	Support local businesses that foster an authentic Mountain View commercial-cultural identity in the City’s neighborhoods and downtown.	<ul style="list-style-type: none"> <li>• Work with larger employers who have vacant spaces that could be put into productive public use via like pop-up kitchens, maker spaces, and coworking spaces.</li> <li>• Identify potential community partners to provide free or affordable space for temporary or long-term local micro-business incubation.</li> </ul>
<b>Strategy 3.3</b>	Support and sustain a new generation of successful founders and entrepreneurs.	<ul style="list-style-type: none"> <li>• Institute regular listening sessions or interviews in the entrepreneurial community to keep abreast of the local entrepreneurial ecosystem and its needs and trends.</li> <li>• Partner with NOVAworks, SBDC, SCORE, Foothill College, and DeAnza College for entrepreneurship training in Mountain View.</li> </ul>

**Goal 3. HELP SMALL, LOCAL, AND INDEPENDENTLY OWNED BUSINESSES FLOURISH IN MOUNTAIN VIEW**

Strategy No.	Strategy	Actions (examples)
<b>Strategy 3.4</b>	Recruit small businesses that offer products and experiences missing in Mountain View.	<ul style="list-style-type: none"> <li>Engage with niche experiential retailers to understand their specific needs regarding factors such as access, signage and marketing, and local costs of doing business.</li> <li>Identify and market opportunities for specific lines of business via frequently refreshed retail-leakage analysis to prospective tenants and niche businesses.</li> </ul>
<b>Strategy 3.5</b>	Support growing Latino entrepreneurial and small business enterprises in food and beverage and other industries.	<ul style="list-style-type: none"> <li>Collaborate with local partners to solicit interest in funding and building a commercial kitchen designed to serve Latino and other food businesses in Mountain View.</li> <li>Explore partnerships with other food services businesses to explore subleases, co-ops, and other space rental options.</li> </ul>
<b>Strategy 3.6</b>	Initiate a reinvigorated identity and branding campaign positioning and promoting Mountain View at the intersection of Silicon Valley and community and economic vitality.	<ul style="list-style-type: none"> <li>Distill the messaging and design language of the City’s reimagined brand and determine where and to whom to communicate it regionally and nationally.</li> <li>Leverage new and upgraded infrastructure, public realm design, and development as opportunities to reinforce the revamped brand of Mountain View.</li> </ul>
<b>Strategy 3.7</b>	Implement antidisplacement policies that provide temporary and long-term solutions that keep businesses in place.	<ul style="list-style-type: none"> <li>Expand access to ownership to marginalized small business owners and nonprofits by offering tailored financial products for property ownership.</li> </ul>

**Goal 3. HELP SMALL, LOCAL, AND INDEPENDENTLY OWNED BUSINESSES FLOURISH IN MOUNTAIN VIEW**

Strategy No.	Strategy	Actions (examples)
		<ul style="list-style-type: none"> <li>Leverage the use of Community Benefits Agreements in future commercial center development in Mountain View to spur developers to provide amenities and spaces tailored to local community needs.</li> </ul>

**Goal 4. MODERNIZE MOUNTAIN VIEW'S DEVELOPMENT POLICIES TO PROVIDE CLARITY AND CERTAINTY FOR NEW USES THAT ALIGN WITH THE EVS VISION AND GOALS**

Strategy No.	Strategy	Actions (examples)
<b>Strategy 4.1</b>	Build adaptability into land use and development codes with provisions that respond to changing demands of commercial and industrial users.	<ul style="list-style-type: none"> <li>Assess the development code to identify opportunities to revise permitted uses across employment-generating zoning designations; specifically consider allowing a broader range of uses in retail areas, and restricting low-employment density uses in core office and industrial designations.</li> <li>Develop a process to periodically engage business leaders on challenges associated with Mountain View's planning and development policies and processes.</li> </ul>
<b>Strategy 4.2</b>	Identify workforce housing and supportive service challenges with critical economic development implications for prioritization and direct action.	<ul style="list-style-type: none"> <li>Align the City's economic development work program with Housing Element policy to reinforce the City's commitment to provide housing for Mountain View workers.</li> <li>Work with existing and new partners to address systems supportive of employee retention, including child care, education, transportation, housing needs, and other social services.</li> </ul>

**Goal 4. MODERNIZE MOUNTAIN VIEW'S DEVELOPMENT POLICIES TO PROVIDE CLARITY AND CERTAINTY FOR NEW USES THAT ALIGN WITH THE EVS VISION AND GOALS**

Strategy No.	Strategy	Actions (examples)
Strategy 4.3	Clarify and streamline permitting processes and nurture a business climate that clearly differentiates Mountain View from its neighbors.	<ul style="list-style-type: none"> <li>• Create a dedicated rapid-response team to handle expedited permits for designated critical development areas (e.g., downtown, San Antonio Center, major industrial areas).</li> <li>• Hire adequate third-party plan-checking consultants and other providers to supplement staff resources and expedite permit review; and offer need-based assistance.</li> </ul>
Strategy 4.4	Evaluate and adapt policies, regulations, and enforcement to avoid disproportionate or adverse impacts on small businesses.	<ul style="list-style-type: none"> <li>• Review requirements for Conditional Use Permits and reduce required parking for certain small businesses.</li> <li>• Modernize business license to include commercial landlord fees.</li> </ul>
Strategy 4.5	Improve connections between the City's commercial and industrial areas to foster easier access for collaboration.	<ul style="list-style-type: none"> <li>• Continue to implement development regulations that encourage or require through-block pedestrian connectivity in existing or potential pedestrian corridors.</li> <li>• Collaborate with the TMA to assess the efficacy of existing Community Shuttle and MVgo service levels and routes in linking major employment hubs with downtown and other commercial centers.</li> </ul>

***Question 2—Does Council agree with the Goals and Strategies associated with the Economic Vitality Strategy or have other feedback?***

## **RECOMMENDATION**

Staff is requesting Council input on the following questions:

1. Does Council agree with the Vision and Equity Statements associated with the Economic Vitality Strategy or have other feedback?
2. Does Council agree with the Goals and Strategies associated with the Economic Vitality Strategy or have other feedback?

## **NEXT STEPS**

Following feedback at this Study Session, staff will work on further refinements to the Strategies and Actions and conduct further outreach, if necessary, and return with the final Economic Vitality Strategy for Council adoption.

## **PUBLIC NOTICING**

The meeting agenda and Study Session memorandum were posted on the City's website. Notice of this agenda item was also shared with members of the Downtown Committee, Mountain View Community for Sustainable Planning, Mountain View Chamber of Commerce, and the Reach MV program.

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- Attachments:
1. Draft Economic Vitality Strategy
  2. Landscape Assessment (data analysis by CAI)